

**[Inslee-Markey Amendment]**  
**AMENDMENT TO**  
**OFFERED BY MR. INSLEE OF WASHINGTON**

Amend section 1251 in title XII, subtitle E, to read  
as follows:

**1 SEC. 1251. NET METERING.**

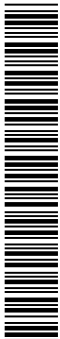
2 (a) DEFINITIONS.—As used in this section:

3 (1) The term “customer-generator” means the  
4 owner or operator of an electric generation unit  
5 qualified for net metering under this section.

6 (2) The term “net metering” means measuring  
7 the difference between the electricity supplied to a  
8 customer-generator and the electricity generated by  
9 a customer-generator that is delivered to a local dis-  
10 tribution section system at the same point of inter-  
11 connection during an applicable billing period.

12 (3) The terms “electric generation unit quali-  
13 fied for net metering” and “qualified generation  
14 unit” mean an electric energy generation unit that  
15 meets each of the following requirements:

16 (A) The unit is a fuel cell or uses as its  
17 energy source either solar, wind, or biomass.



1 (B) The unit has a generating capacity of  
2 not more than 100 kilowatts.

3 (C) The unit is located on premises that  
4 are owned, operated, leased, or otherwise con-  
5 trolled by the customer-generator.

6 (D) The unit operates in parallel with the  
7 retail electric supplier.

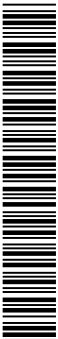
8 (E) The unit is intended primarily to offset  
9 part or all of the customer-generator's require-  
10 ments for electric energy.

11 (4) The term "retail electric supplier" means  
12 any person that sells electric energy to the ultimate  
13 consumer thereof.

14 (5) The term "local distribution system" means  
15 any system for the distribution section of electric en-  
16 ergy to the ultimate consumer thereof, whether or  
17 not the owner or operator of such system is also a  
18 retail electric supplier.

19 (b) ADOPTION.—Not later than one year after the en-  
20 actment of this section, each retail electric supplier shall  
21 comply with each of the following requirements and notify  
22 all of its retail customers of such requirements not less  
23 frequently than quarterly:

24 (1) The supplier shall offer to arrange (either  
25 directly or through a local distribution company or



1 other third party) to make available, on a first-come-  
2 first-served basis, to each of its retail customers that  
3 has installed an energy generation unit that is in-  
4 tended for net metering and that notifies the sup-  
5 plier of its generating capacity an electric energy  
6 meter that is capable of net metering if the cus-  
7 tomer-generator's existing electrical meter cannot  
8 perform that function.

9 (2) Rates and charges and contract terms and  
10 conditions applicable to the sale by the supplier of  
11 electric energy to customer-generators shall be the  
12 same as the rates and charges and contract terms  
13 and conditions that would be applicable if the cus-  
14 tomer-generator did not own or operate a qualified  
15 generation unit and use a net metering system.

16 The requirements of this subsection are subject to the per-  
17 cent limitations set forth in subsection (d).

18 (c) NET ENERGY MEASUREMENT AND BILLING.—  
19 Each retail electric supplier subject to subsection (b) shall  
20 calculate the net energy measurement for a customer  
21 using a net metering system in the following manner:

22 (1) The retail electric supplier shall measure  
23 the net electricity produced or consumed during the  
24 billing period using the metering referred to in para-  
25 graph (1) of subsection (b) or in subsection (f).



1           (2) If the electricity supplied by the retail elec-  
2           tric supplier exceeds the electricity generated by the  
3           customer-generator during the billing period, the  
4           customer-generator shall be billed for the net elec-  
5           tricity supplied by the retail electric supplier in ac-  
6           cordance with normal metering practices.

7           (3) If electricity generated by the customer-gen-  
8           erator exceeds the electricity supplied by the retail  
9           electric supplier, the customer-generator—

10                 (A) shall be billed for the appropriate cus-  
11                 tomer charges for that billing period;

12                 (B) shall be credited for the excess electric  
13                 energy generated during the billing period, with  
14                 this credit appearing on the bill to be applied  
15                 against charges for the following billing period  
16                 (except for a billing period that ends in the next  
17                 calendar year); and

18                 (C) shall not be charged for transmission  
19                 losses.

20           If the customer-generator is using a meter that re-  
21           flects the time of generation (a “real time meter”),  
22           the credit shall be based on the retail rates for sale  
23           by the retail electric supplier at the time of such  
24           generation. At the beginning of each calendar year,  
25           any remaining unused kilowatt-hour credit accumu-

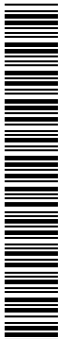


1       lated by a customer-generator during the previous  
2       year may be sold by the customer-generator to any  
3       electric supplier that agrees to purchase such credit.  
4       In the absence of any such purchase, the credit shall  
5       be assigned (at no cost) to the retail electric supplier  
6       that supplied electric energy to such customer-gener-  
7       ator at the end of the previous year.

8       (d) PERCENT LIMITATIONS.—

9           (1) TWO PERCENT LIMITATION.—A retail elec-  
10       tric supplier shall not be required to comply with  
11       subsection (b) with respect to additional customer-  
12       generators after the date during any calendar year  
13       on which the total generating capacity of all cus-  
14       tomer-generators with qualified generation facilities  
15       and net metering systems served by that supplier is  
16       equal to or in excess of 2 percent of the capacity  
17       necessary to meet the supplier's average forecasted  
18       aggregate customer peak demand for that calendar  
19       year.

20           (2) ONE PERCENT LIMITATION.—A retail elec-  
21       tric supplier shall not be required to comply with  
22       subsection (b) with respect to additional customer-  
23       generators using a single type of qualified energy  
24       generation system after the date during any cal-  
25       endar year on which the total generating capacity of



1 all customer-generators with qualified generation fa-  
2 cilities of that type and net metering systems served  
3 by that supplier is equal to or in excess of 1 percent  
4 of the capacity necessary to meet the supplier's aver-  
5 age forecasted aggregate customer peak demand for  
6 that calendar year.

7 (3) RECORDS AND NOTICE.—Each retail elec-  
8 tric supplier shall maintain, and make available to  
9 the public, records of the total generating capacity  
10 of customer-generators of such supplier that are  
11 using net metering, the type of generating systems  
12 and energy source used by the electric generating  
13 systems used by such customer-generators. Each  
14 such supplier shall notify the Commission when the  
15 total generating capacity of such customer-genera-  
16 tors is equal to or in excess of 2 percent of the ca-  
17 pacity necessary to meet the supplier's aggregate  
18 customer peak demand during the previous calendar  
19 year and when the total generating capacity of such  
20 customer-generators using a single type of qualified  
21 generation is equal to or in excess of 1 percent of  
22 such capacity.

23 (e) SAFETY AND PERFORMANCE STANDARDS.—(1) A  
24 qualified generation unit and net metering system used  
25 by a customer-generator shall meet all applicable safety

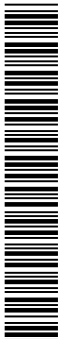


1 and performance and reliability standards established by  
2 the national electrical code, the Institute of Electrical and  
3 Electronics Engineers, Underwriters Laboratories, or the  
4 American National Standards Institute.

5 (2) The Commission, after consultation with State  
6 regulatory authorities and nonregulated local distribution  
7 systems and after notice and opportunity for comment,  
8 may adopt by regulation additional control and testing re-  
9 quirements for customer-generators that the Commission  
10 determines are necessary to protect public safety and sys-  
11 tem reliability.

12 (3) The Commission shall, after consultation with  
13 State regulatory authorities and nonregulated local dis-  
14 tribution systems and after notice and opportunity for  
15 comment, prohibit by regulation the imposition of addi-  
16 tional charges by electric suppliers and local distribution  
17 systems for equipment or services for safety or perform-  
18 ance that are additional to those necessary to meet the  
19 standards and requirements referred to in paragraphs (2)  
20 and (3).

21 (f) ADDITIONAL METERS.—Any retail electric sup-  
22 plier or local distribution company may, at its own ex-  
23 pense, install one or more additional electric energy meters  
24 to monitor the flow of electricity in either direction to and



1 from customer-generators, to identify the time of genera-  
2 tion by customer- generators, or both.

3 (g) STATE AUTHORITY.—Nothing in this section  
4 shall preclude a State from establishing or imposing addi-  
5 tional incentives or requirements to encourage qualified  
6 generation and net metering additional to that required  
7 under this section.

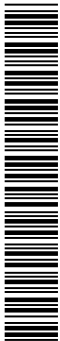
8 (h) INTERCONNECTION STANDARDS.—(1) Within one  
9 year after the enactment of this section the Commission  
10 shall publish model standards for the physical connection  
11 between local distribution systems and qualified genera-  
12 tion units and electric generation units that would be  
13 qualified generation units but for the fact that the unit  
14 has a generating capacity of more than 100 kilowatts (but  
15 not more than 250 kilowatts). Such model standards shall  
16 be designed to encourage the use of qualified generation  
17 units and to insure the safety and reliability of such units  
18 and the local distribution systems interconnected with  
19 such units. Within 2 years after the enactment of this sec-  
20 tion, each State shall adopt such model standards, with  
21 or without modification, and submit such standards to the  
22 Commission for approval. The Commission shall approve  
23 a modification of the model standards only if the Commis-  
24 sion determines that such modification is consistent with  
25 the purpose of such standards and is required by reason





1 of local conditions. If standards have not been approved  
2 under this paragraph by the Commission for any State  
3 within 2 years after the enactment of this section, the  
4 Commission shall, by rule or order, enforce the Commis-  
5 sion's model standards in such State until such time as  
6 State standards are approved by the Commission.

7       (2) The standards under this section shall establish  
8 such measures for the safety and reliability of the affected  
9 equipment and local distribution systems as may be appro-  
10 priate. Such standards shall be consistent with all applica-  
11 ble safety and performance standards established by the  
12 national electrical code, the Institute of Electrical and  
13 Electronics Engineers, Underwriters Laboratories, or the  
14 American National Standards Institute and with such ad-  
15 ditional safety and reliability standards as the Commission  
16 shall, by rule, prescribe. Such standards shall ensure that  
17 generation units will automatically isolate themselves from  
18 the electrical system in the event of an electrical power  
19 outage. Such standards shall permit the owner or operator  
20 of the local distribution system to interrupt or reduce de-  
21 liveries of available energy from the generation unit to the  
22 system when necessary in order to construct, install, main-  
23 tain, repair, replace, remove, investigate, or inspect any  
24 of its equipment or part of its system; or if it determines  
25 that curtailment, interruption, or reduction is necessary



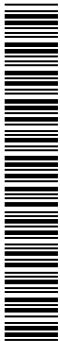
1 because of emergencies, forced outages, force majeure, or  
2 compliance with prudent electrical practices.

3 (3) The model standards under this subsection pro-  
4 hibit the imposition of additional charges by local distribu-  
5 tion systems for equipment or services for interconnection  
6 that are additional to those necessary to meet such stand-  
7 ards.

8 (i) INTERCONNECTION.—At the election of the owner  
9 or operator of the generation unit concerned, connections  
10 meeting the standards applicable under subsection (g)  
11 may be made—

12 (1) by such owner or operator at such owner's  
13 or operator's expense, or

14 (2) by the owner or operator of the local dis-  
15 tribution system upon the request of the owner or  
16 operator of the generating unit and pursuant to an  
17 offer by the owner or operator of the generating unit  
18 to reimburse the local distribution system in an  
19 amount equal to the minimum cost of such connec-  
20 tion, consistent with the procurement procedures of  
21 the State in which the unit is located, except that  
22 the work on all such connections shall be performed  
23 by qualified electrical personnel certified by a re-  
24 sponsible body or licensed by a State or local govern-  
25 ment authority.



1       (j) CONSUMER FRIENDLY CONTRACTS.—The Com-  
2 mission shall promulgate regulations insuring that sim-  
3 plified contracts will be used for the interconnection of  
4 electric energy by electric energy transmission or distribu-  
5 tion systems and generating facilities that have a power  
6 production capacity not greater than 250 kilowatts.

